

Message Text

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ACTION EUR-12

INFO OCT-01 EA-06 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-03 INR-07 IO-10 NEA-09 NSAE-00 RSC-01

OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01

FEA-01 AEC-05 DODE-00 FPC-01 H-01 INT-05 L-02 NSC-05

PM-03 SAM-01 OES-03 SS-15 STR-01 PA-01 PRS-01 USIA-06

SAJ-01 /126 W

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P R 071118Z FEB 75

FM USMISSION OECD PARIS

TO SECSTATE WASH DC PRIORITY 5318

INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY LISBON

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AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

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AMEMBASSY PARIS

AMEMBASSY REYKJAVIK

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

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E.O. 11652: GDS

TAGS: ENRG, OECD

SUBJECT: IEA: STANDING GROUP ON THE OIL MARKET
(SOM) MEETING, FEBRUARY 3-5

1. SUMMARY. SOM MEETING WAS DOMINATED BY ISSUE OF WHETHER DATA ON OIL COMPANY OPERATIONS REQUIRED FOR GENERAL SECTION OF IEP INFORMATION SYSTEM SHOULD BE SUBMITTED BY HOME GOVERNMENTS IN AGGREGATED FORM OR SEPARATELY BY INDIVIDUAL COMPANY. PROBLEM BUCKED UP TO GOVERNING BOARD AT INSISTENCE IN PARTICULAR OF FRG DEL, WHO LED THOSE SEEKING ACCESS TO COMPANY DATA. US, SUPPORTED IN PART BY UK, STRONGLY OPPOSED FRG VIEW. SOM AGREED IN PRINCIPLE THAT UNTIL END 1975 AT LEAST, AGGREGATED DATA SHOULD BE SUBMITTED TO SECRETARIAT, ALONG LINES SET OUT IN OIL INDUSTRY WORKING PARTY REPORT, BEGINNING WITH INFORMATION ON CRUDE OIL PRICES. END SUMMARY.

2. GENERAL SECTION OF INFORMATION SYSTEM: AGGREGATION-DATA FLOW ISSUE: THERE WAS STRONG DIFFERENCE OF OPINION --WHICH WAS PASSED ON TO GOVERNING BOARD FOR DISCUSSION AT INSISTENCE OF GERMANS AND ITALIANS--OVER WHETHER INDIVIDUAL OIL COMPANY DATA SHOULD BE SUBMITTED TO SECRETARIAT EITHER FOR AGGREGATION AND ANALYSIS, OR FOR DIRECT TRANSMISSION TO OTHER MEMBER COUNTRIES. THE FRG LED OPPOSITION TO HOME COUNTRY AGGREGATION OF DATA, WHICH HAD BEEN RECOMMENDED IN OIL INDUSTRY WORKING PARTY (IWP) REPORT. FRG WAS SUPPORTED IN GREATER OR LESSER DEGREE BY 11 OTHER DELEGATIONS. US, SUPPORTED IN PART BY UK, STRONGLY OPPOSED SUBMISSION OF INDIVIDUAL COMPANY DATA TO SECRETARIAT OR TO IEA MEMBERS.

3. THE GERMANS ARGUED ESSENTIALLY THAT:

(A) THERE IS A NEED FOR SOME INDEPENDENT ANALYSIS OF INDIVIDUAL COMPANY DATA TO DETERMINE IN A RELIABLE MANNER THE REAL FACTS ABOUT TRANSFER PRICES AND PROFITS OF PARTICULAR OIL COMPANIES IN RELATION TO THEIR ACTI-
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VITIES IN PARTICULAR COUNTRIES--IN SHORT, TO ACHIEVE "TRANSPARENCY", AND

(B) THERE IS A POLITICAL NECESSITY FOR AN IMPORT-ANT STEP FORWARD IN THE GENERAL SECTION OF THE INFORMATION SYSTEM TO MAINTAIN THE PUBLIC PERCEPTION, PARTICULARLY IN EUROPE, OF A BALANCED IEP AGREEMENT.

US ARGUED THAT:

(A) AGGREGATED DATA SUPPLIED BY COUNTRIES CAN BE MEANINGFUL AND USEFUL, ESPECIALLY IN VIEW OF OPPORTUNITIES TO SUPPLEMENT DATA BY VOLUNTARY CONSULTATION WITH INDIVIDUAL OIL COMPANIES AND RECOURSE TO OTHER SOURCES OF DATA, AND

(B) HOME COUNTRY AGGREGATION IS A REASONABLE WAY TO ACHIEVE THE BALANCE WHICH IS REQUIRED BY THE AGREEMENT BETWEEN "TRANSPARENCY" AND THE PROTECTION OF COMMERCIALLY SENSITIVE DATA AS WELL AS COMPETITION.

THE UK SAID THEY WERE WILLING TO SUBMIT INDIVIDUAL OIL COMPANY DATA IF THE OIL COMPANIES AGREE, BUT SO FAR COMPANIES ARE OPPOSED. (OIL COMPANY SPOKESMEN AT THE SOM MAY HAVE LEFT THE IMPRESSION--PROBABLY INADVERTENTLY--THAT IF THE SECRETARIAT DEVELOPS ADEQUATE SECURITY PROCEDURES THEY WOULD NOT OBJECT TO SUBMISSION OF INDIVIDUAL COMPANY DATA.)

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USIA-06 /126 W

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4. US AND FRG DELS, AT INVITATION OF CHAIR, PREPARED "MINORITY" AND "MAJORITY" REPORTS RESPECTIVELY ON THIS ISSUE FOR INCLUSION IN DOCUMENT FOR DISCUSSION BY GOVERNING BOARD. BOTH CAMPS AGREED THAT BEFORE RECEIVING DATA IN ANY FORM, SECRETARIAT MUST HAVE IN PLACE AN ACCEPTABLE SECURITY SYSTEM. SECRETARIAT (LANTZKE) RECOGNIZED THIS NEED AND OFFERED PRELIMINARY PROPOSALS, ALONG WITH "COMPROMISE" WHICH LEANED HEAVILY TOWARD FRG POSITION AND WAS SUCCESSFULLY RESISTED BY US.

5. SOM DID AGREE THAT AT LEAST UNTIL END OF 1975 DATA SHOULD BE SUBMITTED IN AGGREGATED FORM AS SUGGESTED BY OIL COMPANIES. AFTER REVIEW OF IWP REPORT WITH INDUSTRY SPOKESMEN, SOM ACCEPTED IT IN PRINCIPLE AND SUGGESTED CRUDE OIL PRICE DATA BE SUBMITTED FOR THIRD QUARTER 1973 THROUGH FOURTH QUARTER 1974 BY APRIL 1. (IT WAS RECOGNIZED SOME SLIPPAGE INEVITABLE.) AD HOC WORKING PARTY, CHAIRED BY FRG AND INCLUDING US, SPAIN, ITALY, JAPAN, BELGIUM, AND UK WILL HOLD EARLY MEETING WITH IWP DRAFTING GROUP TO RESOLVE ANY TECHNICAL PROBLEMS REMAINING.

6. QUESTION OF HOW SECRETARIAT SHOULD PROCESS, ANALYZE AND DISSEMINATE AGGREGATED DATA WILL BE ADDRESSED AT NEXT SOM MEETING, PROBABLY IN EARLY OR MID-MARCH. SOM AGREED THAT GOVERNMENTS SHOULD SUBMIT WRITTEN COMMENTS TO REACH SECRETARIAT BY FEB. 20. PROGRESS OF IWP IN DEVELOPING RECOMMENDATIONS FOR ADDITIONAL ELEMENTS OF DATA SYSTEM WILL ALSO BE REVIEWED.

7. CONSULTATION PROCEDURES: GROUP AGREED TO MINOR REVISION TO CONSULTATION PROCEDURE TO BRING TREATMENT OF AGENDA IN WRITTEN AND ORAL CONSULTATIONS INTO LINE.

8. COMMENT: CHAIR (HOPPER) PRIVATELY INDICATED TO US
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DEL HIS BELIEF AND WISH THAT GOVERNING BOARD WOULD DEAL WITH CLASH OVER AGGREGATION OF DATA BY POSTPONING DECISION, SINCE IT WOULD NOT MAKE PRACTICAL DIFFERENCE BEFORE END OF 1975.
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